



2007 Annual Report

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HRDC Opens New Center for Community Stewardship

What makes communities successful has changed dramatically over the past decade. Evidence shows that now, more than ever before, successful communities can be built. Great communities are not born; they are built. In other words, the assets of a successful community can be created, developed and encouraged.



The trick, it would seem, is knowing where to start.

The Headwaters Regional Development Commission has created the Center for Community Stewardship (CCS) to address just this issue. The CCS helps to jump-start the success of a community by empowering its most powerful asset—its leaders.

The best way to explain the CCS is to see it in action. In 2003, Bemidji was a community without direction. There was little cooperation, and though it was growing, it

seemed as though opportunities were slipping away.

The staff at the CCS put out a call to action, challenging leaders to come together as stewards of Bemidji's future. The leaders were encouraged, trained and inspired.

With the guidance of the CCS, these stewards helped the community agree upon a "shared destiny", and with it an action plan of seventeen destiny drivers to get there. Bemidji Leads! was born.

The CCS believes success is about real change and real action, and Bemidji Leads! has done just that. The results of Bemidji Leads! have been dramatic enough for Governor Tim Pawlenty to call Bemidji Leads! "spot on", and Senator Norm Coleman has said Bemidji is a national model for building success.

Today, more than 300 community members are working with Bemidji Leads! By *Continued on page 2*

Chairman's Letter

Wow! Where did the year go? It went by fast. We had a very successful year with a lot of things accomplished and we did it while short-handed. That tells me we have a great bunch of folks working for us. Recently we were able to fill two positions and were very fortunate to find some outstanding personnel to hire. We are really excited to have them as part of our team.

The future looks very good for the Commission. I don't think you can tell your employees that you appreciate them enough. We get so busy and forget to, so, on behalf of the Commission, I would like to give a huge thanks to our staff.

We are working hard on our bold goals. We are entering our 5th and final county with housing development and I'm personally delighted because it is my County! This shows

our commitment to acting as one region. We've worked hard at this, and will continue to do so because it is the only way we can be successful. Standing alone is not an option. While our five counties are very different from each other, each can fill a specialty niche that is important to the entire region.

The Center for Community Stewardship is off and running. It is growing fast and we are working with a wide variety of customers. It should be one of the best things we have done in years. It will ensure we have trained and educated leaders for years to come.

In closing, I would ask that we continue to work as one and hope we have another very successful year. It is a privilege to serve and be part of such a wonderful organization.



Rick Rone, Chairman

HRDC Opens New Center for Community Stewardship

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working together to place the community first, these everyday residents became something more—a force for positive change in the lives of their neighbors and their community.

Bemidji is not alone. CCS staff also helped to initiate Progress Park Rapids, then the Seventh Generation Initiative and Blackduck 2020, each of which are beginning to see the same culture-changing results.

Experience shows successful communities share two common traits: they've found a

Successful communities can be built, and every community has the leadership it needs to get there. It just requires the right coaching. The Center for Community Stewardship can guide the way.

way to harness their community's energy and passion, and they've come to realize that the only way to community success is for the entire community to work together.

With support from the Blandin Foundation, the Center for Community Stewardship is now ready to replicate the stewardship experience in communities throughout the upper Midwest. Successful

communities can be built, and every community has the leadership it needs to get there. It just requires the right coaching. The Center for Community Stewardship can guide the way.

From The Executive Director — Cliff Tweedale

“What do you want to do when you grow up?” That is a question that all parents ask their children occasionally, and sometimes more than occasionally, as they grow up. The answer to the question points direction, gives a target for their aspirations.

The obvious, but less frequently asked, question is, *“How are you going to get there?”* The answer to that question is about strategy and tactics, the nuts and bolts of making progress. The truth is, strategy is at least as important as a goal. Goals without strategy are really just dreams.

Over the last several years the HRDC has charted an exciting destiny for itself. This organization wants to be the “go-to” place for those customers that want to create a successful future and are willing to provide leadership to make it happen. We've also identified some ambitious goals in the area of leadership and housing that will help us get there.

Now comes the hard part. As Jim Benson, former President of Bemidji State University says, *“There are a million ways to run a good idea into the ground.”* As we have discovered, there are also a million different things that can get in the way of goals being accomplished.

We've had our fair share of challenges over the last year. For the first time in a long time we've had two key staff move on to different, exciting opportunities, we've had a housing market slowdown, and other, thankfully smaller, challenges to address. It would have been easy for our staff and Commission members to scale back our ambitions.

But that's not this organization's style. The staff have picked up the slack and not complained (not even a little!), our Commission members have supported us with commitments of resources and disciplined action, and our customers have hung with us as we mentor new staff. Every day I am thankful for the opportunity to work with all three groups.

I have every confidence the HRDC is going to continue to meet its challenges and grow into its opportunities. I know we're going to get better, every year, to serve the best customers a regional development organization can have.

“I have every confidence the HRDC is going to continue to meet its challenges and grow into its opportunities.”

Economic Development

Bemidji's Industrial Park Brings New Economic Growth to the Region

In 1962 a group of progressive Bemidji residents saw potential for industrial development in Bemidji and organized the Bemidji Development Corporation (BDC). Shortly thereafter they began acquiring land on the south side of the City and the Bemidji Industrial Park was created. Through their leadership and willingness to partner with the City over the past 40 years, the BDC has led the Industrial Park's growth through three expansions. Because of their leadership, the Park presently contains more than 175 acres, houses 48 businesses, employs roughly 1,200

people, and has an annual payroll in excess of \$28 million.

In recent years business growth has been very strong in the Industrial Park and only one lot remains. The HRDC has worked with the BDC and the City to apply for \$1.2 million in EDA funding to help support a \$2.7 million Industrial Park expansion which will allow for an additional 35 lots to be developed in the Park.

In late April, the BDC and the City were invited to submit their full-application to the EDA and are now waiting to hear final word.

In recent years business growth has been very strong in the Industrial Park...EDA funding would allow for an additional 35 lots to be developed in the Park.

Bemidji Community Uses Airport to Create Economic Opportunity

The HRDC has assisted a coalition of organizations to explore how the Bemidji Regional Airport, its adjacent JOBZ land and the community's many other assets can be leveraged to spur economic activity.



Through their hard work, members of this collaborative venture developed an investment strategy for undertaking necessary infra-

structure improvements on the land adjacent to the Airport; and created a very aggressive plan to market the Bemidji area to new and expanding businesses.

The HRDC continues to work with key individuals in the development of a formalized structure that will be used to move this initiative forward.

White Earth Tribal and Community College Aiming for New Building

The White Earth Tribal and Community College (WETCC) is rapidly growing and expanding, creating the need for more space. Currently, the college does not have its own campus and is required to rent space in buildings throughout the City of Mahanomen. The buildings are small, crowded and difficult to maintain, and course scheduling, as well as program expansion has become inhibited by the limited amount of space.

The HRDC is providing assistance to the leaders of the WETCC by helping to prepare an EDA application for funding to construct a 24,300 square foot building.

A new centralized facility would enable the WETCC to expand its programs and increase student enrollment. Just as important, it will expand economic opportunity for the community.

The White Earth Tribal and Community College is rapidly expanding, creating the need for more space....A new centralized facility would enable the WETCC to expand its programs and increase student enrollment.

Multiple JOBZ Acres Available throughout the Headwaters Region

The Headwaters Economic Opportunity Zone (Region 2) presently has five businesses that are participating in the JOBZ Program. We have recently begun to receive inquiries about the Program, and we soon hope to see more

businesses begin to participate in the Program.

There are still significant JOBZ acres available throughout the Region for eligible businesses.

Community Stewardship

Community Stewards Continue to Emerge through Bemidji Leads!

Bemidji Leads! has created dramatic results, locally and regionally.

Since the kick-off in October, 2004, Bemidji Leads! has created quite a stir in the Bemidji community and throughout the region. In Bemidji, people are energized. New and exciting projects are starting. And a group of community stewards, led by Jim Bensen, have stepped to the plate to help this community forge ahead.

Originally, the goal of Bemidji Leads! was simple yet bold: Identify Bemidji's destiny before someone else does. Bemidji needs to strategically identify where it needs to be in ten years, and then identify how to get there...together. Bemidji Leads! is about generating excitement, encouraging and nurturing key community efforts, and, most of all, charting the course to a successful future.

Bemidji's stewards are acting. Community members are leading a charge to develop a \$50 million regional events center in Bemidji, to plant trees throughout the community, to make Bemidji a center-piece learning community, and

to redevelop downtown for the first time since the early 1980s, finding ways to make it thrive. What is next for Bemidji Leads!?! Stewards will be focusing on two key areas in the coming months:

- **Community Indicator Report**—With the financial support of Beltrami County and the Northwest Minnesota Foundation, Bemidji Leads! will lead an effort to engage the Bemidji community in identifying and assessing the measurable indicators of progress of the Bemidji community.
- **Shared Vision!** - The Bemidji community has come together to collectively address one of its greatest challenges: race relations. The Bemidji Area Race Relations Council has teamed with the stewards of Bemidji Leads! to create and implement a plan of action for race relations.

Bemidji Leads! has created dramatic results, locally and regionally. With the leadership of a group of tremendous stewards, the future remains very bright for the Bemidji community.

Blackduck 20/20 Off to Great Start

Creating a bold vision for the future, a common community agenda, and finding more and better ways to work together is not just important for the larger communities in our Region. In fact, because of resource limitations and increasing competition, it may be even more important for communities like Blackduck.

A number of community leaders have committed to help Blackduck define "what it wants to be when it grows up," and to challenge all parts of the community to pitch in to make it happen.

Blackduck 20/20 has attended over a dozen meetings to inform people of the effort. The initiative has also designed a survey so community members can indicate what is important to them, and how they think the community is doing now.

What's next? The community will define the future it wants and develop a common community agenda for getting there over the next several months. Then the fun begins -- work will be done to invite all sectors of the community to find a role in moving the agenda forward.

"I am excited about Blackduck 20/20. It gives community members a chance to participate in thinking about the future, and more important, to help make it happen."

Steve Cochems, Anderson Fabrics General Manager



"Park Rapids has always been a special community to those that live here," says Mark Hewitt, President and owner of Northwoods Bank. "But it has only been recently that we're figuring out what we want to look like in the future and how we're going to bring it about. I am excited about the energy and optimism generated by Progress Park Rapids."

That enthusiasm is well-founded. After a year of listening carefully to community members, defining a future, and establishing a community agenda for improvement, the Park Rapids community is off and running. A future vision has been created

Matures, Shows Results

and a bold agenda for the future has been established that includes goals in each area exhibited in the bubble diagram to the left.

More important, real progress is being made. There is now a functioning economic development organization in the PR area. An active drug and alcohol task force has been formed to identify and act on issues related to drug and alcohol crimes. Finally, a Park Rapids community fund has been established and fundraising is underway.

Keep checking the Progress Park Rapids website, www.progressparkrapids.com, for updates.



Community Stewardship

SEVENTH GENERATION INITIATIVE

The Seventh Generation area is a racially and geographically diverse area that encompasses most of two school districts—the Mahanomen Area School District, and the Waubun, Ogema-White Earth (WOW) School District. It is an area blessed with rich farmland and lakes, but also an area that is challenged by daunting social and economic issues. As in most communities, the challenges tend to divide the community instead of bringing it together.

Successful communities are those that can agree on a common, singular future, are smart at devising strategies to accomplish that future, figure out how to build coalitions for action among diverse groups, and sustain the action over a long period of time.

The Seventh Generation Initiative, and the Headwaters RDC staff that are committed to it, are still trying to figure out how to make all that happen.

Defines Destiny, Building Blocks

The start is a reasonable one. The Seventh Generation website, www.seventhgeneration.com, lists the community Report Card that was completed, as well as the Destiny Statement and list of ambitious Building Blocks to make that destiny real. The web site also lists the activities that are now underway on several of those building blocks.

But community stewardship initiatives are not only about accomplishing projects, but about building community in the best sense of the word. Complete success comes when communities figure out, and act upon, the concept put forward by Susan Morse of the Pew Partnership for Civic Change: “The ability to work together comes when citizens realize for themselves that working together is not only better, it’s the only real option for creating change.” Is the community there yet? Have we figured out how to help them get there? Not by a long shot. But, as the quote states, there is no other choice than to continue to find a way to bring about that sort of change in community culture.

*What is a steward? The Alliance for Regional Stewardship defines it well: “Stewards are more than leaders. Stewards are special leaders who cross boundaries, take an integrated approach, and build coalitions for action. They have **360 degree vision**, recognizing the interdependencies between the economy, the environment and social equity. Stewards operate at the **center of tough issues, not on the edges**. They are **risk-takers**. They are **passionate and energetic**. They are **people of vision**.”*

Transportation

Transit Coordination Study

How do we squeeze more efficiency out of our present transit service? Is there a way to fill gaps in service in parts of the region? These are the questions that were addressed by the HRDC in a transit coordination study conducted in the last year in cooperation with MN/Dot’s Office of Transit.

The process included representatives of the agencies and organizations that represent, provide service to, or advocate for individuals who have public or specialized transportation service needs including: elderly and/or persons with disabilities, and/or low income individuals.

The effort focused on gathering information first hand from the Transit Providers in the Region to answer three critical questions:

- What transportation needs are not met adequately?
- What are the barriers to meeting those needs?
- What current coordination efforts seem to be working well?

The most common need identified for all groups was the expansion of service hours to include weekday evenings and weekends, and to expand service in the more rural areas.

Safe Routes to School Being Developed in Bemidji

Bemidji School District, in partnership with the Headwaters RDC and the City are working to improve students’ abilities to walk and/or bike to school, thanks to a new Safe Routes to School Program sponsored by MN/Dot. In our car-oriented culture we have made it increasingly difficult for students to get around

in a non-motorized fashion. This effort will identify those barriers to non-motorized traffic, and propose improvements to address these barriers.

For more information, contact Tony Mayer of the Headwaters RDC.

Other Transportation Activities

- Access Management guideline development
 - HRDC Transportation Advisory Committee Coordination
 - Technical support for the Region’s Scenic Byways
 - Blackduck Trail Project Coordination
 - Bemidji Growth Area Transportation Plan
 - Local technical assistance on a variety of transportation issues
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Community Development

Bemidji Downtown Revitalization Underway

A facelift in Downtown Bemidji will begin this spring with the implementation of the Bemidji Downtown Revitalization Project. The City was successful in its efforts to access grant funds from the Minnesota Department of Employment and Economic Development. The award of more than \$600,000

will be used to help finance the renovation of eighteen commercial buildings and twenty affordable rental housing units. HRDC staff will provide general oversight for the project, and Bi-CAP will administer the rehabilitation activities.

Bagley Works to Develop Community Centerpiece

The Bagley community has a passionate interest in the future of Lake Lomond Park. HRDC staff has been working with a local task force to help create a vision for the future design of the park, including both uses and facilities. The task force has identified a number of existing attributes that it desires to maintain, and a number of improvements that should be considered to help make the

park better meet the needs of the community. In addition to the general park improvements, the task force is discussing options for the development of a multiple-use structure which could house a number of local organizations including a new library, City Hall, and Senior Center. HRDC has contracted with Wiseth Smith Nolting to provide site and building design assistance.

Beltrami County Undertakes Ambitious Second Phase of Park Planning Effort

Last year Beltrami County developed a County-wide Park and Trails Plan that was seen as a model for the rest of the state. The County found a way to design a system that minimized conflicts between uses and that was able to meet the demands of a variety of user groups.

Beltrami County is now undertaking an ambitious second phase that will result in specific designs and capital improvement programs for each of its six parks. These plans will be used to both target local resources and leverage state and federal funding.



“We’re excited to have a roadmap for the City’s investments in its parks and trails. The plan will help us use our own resources wisely, and will also give us the opportunity to leverage outside investment in the system.”

Nancy Carroll
Park Rapids Mayor

Park Rapids Aims for Premier Park and Trail System

The Park Rapids community is blessed with an abundance of natural resources. Fishhook Lake borders the community on the north and Fishhook River bisects the town from north to south.

These resources also provide Park Rapids with almost unlimited opportunity to develop a showcase system of parks. After years of maintaining the status quo, the City

of Park Rapids is committed to making investments in each of the City’s parks.

The first step in this process is to develop specific plans for each park and the system as a whole. In addition, the City will develop a trail system that will connect all parks and the community’s major activity centers.

Joint Planning Board Adopts Land Use Plan and Development Regulations

The City of Bemidji, Bemidji Township, and Northern Township have been working together for the past three years to fundamentally change the way each entity does business when it comes to land use planning in the community. Initially, the three jurisdictions adopted an annexation and joint service delivery agreement for the area which decoupled the issues of annexation and service extensions. The orderly annexation agreement specified areas to be annexed into the City of Bemidji over a fifteen year period, along with two areas to be unincorporated. In March of 2007 the Joint Planning Board adopted a Land

Use Plan, Zoning Ordinance, Subdivision Regulations and Shoreland Management Regulations for the entire 72 square mile jurisdiction.

The Joint Planning Commission held its first formal meeting on April 26 initiating a new era in local land use planning. With the administration of the ordinance now underway, the real test lies ahead as the three jurisdictions respond collaboratively to the most pressing community planning issues. HRDC staffed both phases of this innovative project.

Housing

HRDC Moves Forward Toward 20-Unit Housing Production Goal

The HRDC has adopted a goal of building twenty units of affordable housing on an annual basis. Along with two partners, the Headwaters Housing Development Corporation (HHDC) and the Beltrami County HRA, the goal is in sight. This past year the organizations built fifteen affordable houses throughout the Region, and, due to challenging market conditions, strong marketing efforts are now underway.

During the past year the HHDC has built affordable housing in Bemidji, Clearbrook and Akeley. The Bemidji High School Carpentry program, led by Rod Bauman, constructed two houses in the Mid Valley Subdivision. The Clearbrook High School Carpentry class, headed by instructor Jim Papke, has finished construction of its second house. Additionally, the HHDC has a home being built in Akeley by private contractor Kevin Chase. The pre-sold Akeley was completed in June and will be closed in July. The HHDC looks forward to continued relationships with these partners, and plans to build new partnerships in other areas in the upcoming year.

The HHDC and HRA have continued working together to produce quality housing in the Lincoln South Subdivision in Bemidji.

HHDC Continues to Develop Workforce Housing and Pursues New Niches

The Headwaters Housing Development Corporation (HHDC) has built and sold affordable single family houses since its incorporation in 1998. The organization plans to continue building affordable housing throughout the Region, including homes that will be sold to moderate income working families. One such project involves the redevelopment of an old MN/DOT storage site in the City of Bemidji into a high quality mixed-income residential neighborhood. Development of work-force housing in other communities, such as Park Rapids and Baudette, is also being actively pursued.

HHDC has begun to pursue two new development opportunities that will help build a new market niche and help meet needs not currently being addressed. One new venture is the Mutual Self-Help Housing Program. This USDA Rural Development program provides funds to help organizations work with groups of moderate income families to

This year seven houses have been built utilizing the Institutional Community Work Crew (ICWC) under the tutelage of Don Casmey. The HHDC is seeking new land opportunities to make use of the ICWC program in other areas of the County.

HRDC supported the efforts of the HHDC and HRA by accessing affordable financing products for use throughout the Region. HRDC staff helped each County receive an allocation of Minnesota City Participation Program low interest mortgage financing.

HRDC also worked with lender consortia in Beltrami County and the Park Rapids area to use Community Activity Set Aside mortgage financing to support the construction and sale of affordable single family housing in those communities. HRDC also worked with lenders in Beltrami County to obtain Entry Cost Home Ownership resources from Minnesota Housing to help lower income families achieve home ownership. Finally, HRDC staff received gap financing resources from Minnesota Housing and Greater Minnesota Housing Fund to help moderate income families get into homes that they would otherwise be unable to afford.

collectively build affordable homes. USDA provides the construction funds, then provides the back end mortgage financing for the participating families. HHDC hopes to initiate a Self-Help Program in the spring of 2008.

A second new venture involves the development of supportive and transitional housing in Bemidji. The housing would be developed by the HHDC and owned by the Beltrami County HRA. This multiple-family housing would serve homeless families and individuals in the Bemidji area. The housing would provide shelter and services needed in order to help these families and individuals be successful. This development could begin as soon as 2008.

These two activities will help meet needs that are not currently being addressed, and keep the HRDC moving aggressively toward its goal of twenty units annually.



The pre-sold Akeley home and its carpenters



Clearbrook High School showcases their second home with the HHDC

Headwaters RDC 2007 Annual Report

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Tony Mayer
Technical Planner

Jackie Meixner
Administrative Support Specialist

Mary Thompson
Accounting & Administrative
Director

Cliff Tweedale
Executive Director

Headwaters RDC Stewards: Board

Kim Bredeson; Vice Chair — Lake of the Woods Co.
Nancy Carroll— Hubbard County Cities
Mark Edevold—Labor
Joann Frederickson — Higher Education
Kathy Grell — Business
Dave Jaeger — Mahnomen County Cities
Cal Johannsen — Hubbard County
Ron Johnson; Secretary — City of Bemidji
Lorna LaGue — White Earth Reservation
LuWayne Loiland—Clearwater County Cities
Daryl Lundberg—Beltrami County Cities
Robert Milne — Natural Resources

Kenneth Moorman—Lake of the Woods Co. Twps.
Jean Nelson; Treasurer — Mahnomen County Twps.
John A. Nelson — Clearwater County
Charles Pazdernik — Mahnomen County
Rick Rone; Chair — Lake of the Woods County Cities
Frank Schaap — School Districts
Duane Splittstoesser — Hubbard County Townships
Joe Vene — Beltrami County
Emmet Weidenborner — School Districts
Victoria White — Leech Lake Reservation
Dennis Zeto—Beltrami County Townships

Transportation Advisory Committee

Craig Collison	Jonathan Large	John Nelson	Jim Walker
Kent Ehrenstrom	Greg Larson	Curt Oakes	Brian Weuve
Brian freeberg	Jody Martinson	David Olsonawski	Jim Worcester
Bruce Hasbargen	Kenneth Moorman	John Peterick	
Jim Heltzer	Jean Nelson	Dan Suave	

Headwaters Housing Development Corporation

David Jaeger	Rick Rone
Ray Melander, President	Joe Vene
John Nelson	

Headwaters Regional Finance Corporation

Peter Haddeland	Rick Rone
Terry Matson	Cliff Tweedale
Royce Peterson	Steve Young

Operational Budget

	2007 Actual	2008 Budget		2007 Actual	2008 Budget
Revenues			Expenditures		
Tax Levy	\$226,164	\$231,440	Personnel/Staffing Capacity	\$673,599	829,646
Long Term Contracts	110,416	104,628	Operating Expenditures	224,317	184,596
Short Term Contracts	172,034	135,855	Investment Expenditures	73,073	27,250
Beltrami HRA Services	44,171	20,000	Fund Balance Revenues	17,441	--
HHDC	136,549	190,000	Succ. Comm. Chall. Fund	--	25,000
HRFC	83,774	85,000	TOTAL EXPENDITURES	\$988,430	\$1,066,492
Center for Com. Stew.		257,523			
	200,387				
Other Sources	14,935	12,500			
Other Contracts	0	29,546			
TOTAL REVENUES	\$988,430	\$1,066,492			

The 2007 figures shown above are unaudited figures. The latest audit, covering Fiscal Year 2006 finances, was performed by Miller, McDonald, Erickson and Moller, Ltd., Certified Public Accountants, and dated November 20, 2006. An unqualified report was issued.